

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Before Commissioners:

Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Market Test of Experimental Product –
USPS Connect Local Mail

Docket No. MT2022-1

COMMISSION INFORMATION REQUEST NO. 1

(Issued November 23, 2021)

To clarify the basis of information provided by the Postal Service in its notice of intent to conduct the USPS Connect Local Mail market test,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than November 30, 2021.

1. The Postal Service describes USPS Connect Local Mail as “a First-Class Mail product accepted at Destination Delivery Units (DDUs) or by carrier pick-up in line-of-travel (LOT).” Notice at 2.
 - a. Please define the term “carrier pick-up in line-of travel (LOT).”
 - b. Please specify the criteria the Postal Service will use to determine if a Parcel Select package qualifies for USPS Connect Local Mail.

¹ United States Postal Service Notice of Market Test of Experimental Product – USPS Connect Local Mail, November 10, 2021 (Notice).

- c. Please confirm that a USPS Connect Local Mail must have an origin and a destination that are served by the same delivery unit.
 - d. Please describe each of the steps in the end-to-end process for the acceptance and delivery of USPS Connect Local Mail.
- 2. The Postal Service states that “[i]nitial pricing for this service will be \$2.95 for a Letter or Flat size mailpiece with a weight up to 13 ounces. Since this product bypasses end-to-end transportation costs, pricing for USPS Connect Local Mail will cover the attributable costs for each piece of USPS Connect Local Mail. Attributable costs for USPS Connect Local Mail is estimated at \$2.03 per piece. This estimate is based off the volume variable cost for Priority Mail flats, with some modifications to reflect the differences in mail processing, transportation, and packaging costs.” Notice at 2-3.
 - a. Please provide the model and calculations used to develop the estimated cost per piece for USPS Connect Local Mail. Please explain any assumptions made in developing the estimate.
 - b. Please explain the decision to use Priority Mail flats as a proxy to estimate volume-variable cost for USPS Connect Local Mail. Specifically, please explain why Priority Mail flats is a better proxy than Priority Mail Express flats or First-Class Mail flats to estimate volume-variable cost for USPS Connect Local Mail.
 - c. Please confirm that mailers who choose carrier pick-up in LOT will not be charged a carrier pick-up fee in addition to the proposed pricing of \$2.95. If confirmed, please provide an estimate of the potential revenue loss derived from not collecting the existing carrier pick-up fee. If not confirmed, please specify the carrier pick-up fee that will be charged for USPS Connect Local Mail.
- 3. Please identify any limitations on availability during the market test period, including whether USPS Connect Local Mail will be available to individuals or whether the service is intended to be solely available to businesses. If the Postal

Service intends to change limitations on availability during the market test period, please provide the planned schedule for such changes.

4. The Postal Service states that it “believes that local document delivery could benefit from increased competition[.]” Notice at 1. Please list and describe the alternative service option(s) available in the market that mailers may use instead of USPS Connect Local Mail.
5. Other than the mail acceptance process, please explain how USPS Connect Local Mail is different from Priority Mail Express Local, 1 and 2 and Priority Mail Local, 1 and 2.
6. Please specify the percentage of total Priority Mail Express volume from zones Local, 1, and 2 that is estimated to potentially qualify as USPS Connect Local Mail.
7. Please specify the percentage of total Priority Mail volume from zones Local, 1, and 2 that is estimated to potentially qualify as USPS Connect Local Mail.
8. Please specify the percentage of total FY 2020 First-Class Mail volume estimated to potentially qualify as USPS Connect Local Mail.
9. Please specify whether the Postal Service performed any operational testing of USPS Connect Local Mail.
 - a. If an operational test was performed:
 - i. Please describe the nature, scope, duration, and results obtained from such operational test. Please include in the description a list of ZIP Codes included in the operational test and identify the postage paid by mailers for USPS Connect Local Mail during the test.
 - ii. Please describe how the proposed market test for USPS Connect Local Mail will differ from the operational test previously conducted.
 - b. If an operational test was not performed, please confirm that the Postal Service intends to conduct an operational test for USPS Connect Local Mail in the future.

- i. If confirmed, please identify the date on which such operational test is planned to begin.
- ii. If confirmed, please describe the nature, scope, and duration of the intended operational test. Please include in the description a list of ZIP Codes to be included in the operational test and identify the postage to be paid by mailers for USPS Connect Local Mail during the test.

By the Commission.

Erica A. Barker
Secretary